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1 JUN 1961

MEMORANDUM TO: Chief, Audit Staff

SUBJECT : Property Procedures

REFERENCE : Your Memorandum dated 17 April 1961 to the Comptroller and the Director of Logistics, Subject: same as above.

1. The suggestions offered in reference toward improving and simplifying financial property accounting procedures have been the subject of discussions participated in by representatives of this Office and the Office of Logistics and this memorandum sets forth the action which has been agreed upon with respect to each suggestion.

2. In paragraph 2a(1) of reference - The proposal to convert certain field stations from Type I to Type II accountable installations has been under consideration for some time; however, based upon reference this matter was specifically discussed with the Office of Logistics and concurrence has been reached to convert the following locations from Type I to Type II:

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In addition, the Type I property accountability installation formerly maintained at [redacted] (now transferred to [redacted] covering all property within the [redacted] Station, will be terminated and all non-expendable property of the [redacted] Station will be established under Type II accountability effective on or about 1 July 1961. Further, non-expendable property located at the [redacted] Station, heretofore recorded on Type I accountable records of the [redacted] installation, has been converted to separate Type II accountability maintained at the [redacted] Station.

3. In paragraph 2a(2) of reference - Effective 1 July 1961 the expendability classification for property will be extended to include all line items having a unit value of \$50 or less (instead of the present \$10 or less), except that the following categories will be designated as "non-expendable" regardless of unit value and will be subject to property-in-use procedures:

DOC	1	REV DATE	20-5-81	BY	006199
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- (a) Firearms
- (b) Optical equipment (binoculars, telescopes, microscopes, etc.)
- (c) Cameras, lenses, enlargers, driers, projectors, and light meters
- (d) Watches
- (e) Radios

Under this change in procedure, a sampling of items at headquarters indicates approximately 39% of the line items in the present non-expendable category will be classified as expendable and accountability dropped at time of issue to the using component; however, it has been estimated that the dollar value of property-in-use accounts will be decreased only 5 1/2%.

4. Re paragraph 2a(1) of reference - Reconsideration has been made of the procedure implemented for the current fiscal year wherein all property procurement by Type I installations on behalf of other stations is processed through FPA. Under date of 9 December 1960, [REDACTED]-6773, a dispatch was forwarded to the [REDACTED] Station authorizing adoption, as an experiment of an alternative procedure for recording procurement made on behalf of other stations which excludes such items from the FPA records of the procuring stations, but effects the recording of the procurements on the financial records of the procuring station as property transfers from the procuring to the requisitioning station. Under date of 22 March 1961 cable advice was received (IN 23126) advising that the new procedure would be implemented as of 1 April 1961; consideration will now be given to prescribing this alternative procedure for application at all Type I field installations.

5. Re paragraph 2b(1) of reference - Since property-in-use and property-on-hand are carried on the same stock record cards in Type I accountable installations, it is not practicable from a procedure viewpoint to defer price adjustments for property-in-use pending the return of property to stock. Such adjustments are not passed on to the actual user of the property during the period the property is in his custody and do not affect in any way the actual cost charges to the user. The amount of the credit, however, made to the "Value of Property Returned to Stock (Cr.)" account is based on the fixed unit price in effect when the property is returned.

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6. ~~As paragraph 2a(1) of reference~~ - The requirement for Declaration of Trust has been eliminated from proposed revisions of 1 and [REDACTED]

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7. Your comments and recommendations relating to the field WPA procedures are appreciated.

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Deputy Comptroller

CONCURRENCE:

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W. J. G.

Director of Logistics

6/2/61

Date

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